
Recession reports - Aleris granted extension to file reorganization plan

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The US bankruptcy court on Tuesday granted Aleris International an extension for the bankrupt US aluminum sheet maker and recycler to file its Chapter 11 reorganization plan until December 9.

According to court filings, the court has determined the relief sought in the motion is in the best interest of the debtors, their creditors and all parties in interest.

The court document said that “In the months leading up to their Chapter 11 filings, [Aleris] faced excess supply, decreased demand and attendant decreased production, falling primary aluminum prices, negative metal lag, and significant cash margin posting on transactional hedges, which together contributed to immense operational challenges and a severe liquidity crisis.”

Aleris earlier this month asked the court for the six month extension; the previous due date was June 12. Aleris cited weak aluminum demand and lower prices among its reasons for requiring an extension.

The company explained that its Chapter 11 cases are highly complex and will involve an operational restructuring. Aleris said it is not seeking to delay the Chapter 11 process or to pressure creditors to consent to an unfair plan.

Aleris and its wholly owned US subsidiaries on February 12 filed petitions for voluntary Chapter 11, citing financial constraints related to deteriorating demand, earnings and liquidity caused by the steep decline in global economic conditions.

(Sourced from Platts Metals Week)

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